

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 99-929

January 11, 2000

PINE TREE TELEPHONE COMPANY  
Request for Approval of Affiliated  
Interest Transaction and For  
Authorization of Security Agreement

ORDER APPROVING  
AFFILIATED INTEREST  
TRANSACTION AND RELATED  
SECURITY AGREEMENT

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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In this Order we grant the approval required by 35-A M.R.S.A. §§ 707 and 1101 of the guarantee by Pine Tree Telephone & Telegraph Company (Pine Tree) of a loan by CoBank, ACB (CoBank) to PTW Acquisition Corp. (PTW). Pine Tree is a public utility and PTW is an affiliated interest and the owner of Pine Tree. We also approve the associated pledge of the assets of Pine Tree as security for the loan.

On December 23, 1999, PTW filed, on behalf of Pine Tree, a request for approval under 35-A M.R.S.A. § 707 of a guarantee by Pine Tree of a loan by CoBank to PTW that will be used as part of the financing of the acquisition of Pine Tree by PTW. PTW also filed, on behalf of Pine Tree, a request for approval under 35-A M.R.S.A. § 1101 for authority to provide to CoBank a security interest in all of the assets of Pine Tree as collateral for the loan. As a condition of approval of the loan, CoBank required that the loan be guaranteed by Pine Tree and that the guarantee be secured by all tangible and intangible assets of Pine Tree. In addition, CoBank required that PTW pledge its Pine Tree stock as security for the loan. That pledge, however, does not require Commission approval.

On December 30, 1999, the Commission issued a Corrected Order Approving Reorganization in Docket No. 99-381 in which it approved the acquisition of all of the stock of Pine Tree by PTW, provided that certain changes were made to a stipulation that was filed by the parties to the case. The Commission delegated to the Director of Finance the authority to review and verify that the language in any revised stipulation conformed to the changes proposed by the Commission in its Order. The Director of Finance issued a Supplemental Order on December 30, 1999, finding that the revised stipulation conformed to the requirements of the Commission Order of December 23, 1999, as corrected on December 30, 1999, and the Revised Stipulation was incorporated as part of the Commission Order.

In order to complete the acquisition, PTW needed to obtain a combination of debt and equity financing. For the debt portion, PTW obtained a loan commitment from CoBank that required the guarantee and security by Pine Tree as described above. By virtue of its ownership of more than 10% of the stock of Pine Tree, PTW is an affiliated

interest of Pine Tree, and 35-A M.R.S.A. § 707 (3) requires approval of a guarantee of the debt of an affiliated interest by a public utility. Under 35-A M.R.S.A. § 1101, a public utility must obtain Commission authorization to “mortgage or otherwise...encumber the whole or part of any property that is necessary or useful in the performance of its duties to the public....”

Having reviewed the application and related material provided by PTW on behalf of Pine Tree, we find that the proposed guarantee by Pine Tree of the loan from CoBank to PTW is not adverse to the public interest and should be approved. We also find that the pledging of the assets of Pine Tree as collateral for the loan is not adverse to the public interest and should also be approved. While the pledging by PTW of its Pine Tree stock does not require Commission approval, we remind the parties that any attempt to transfer more than 10% of the stock in Pine Tree would constitute a reorganization that is subject to the requirements of 35-A M.R.S.A. § 708.

Therefore, we

### ORDER

1. That pursuant to 35-A M.R.S.A § 707 (3), Pine Tree Telephone & Telegraph Company is authorized to provide a guarantee of a loan by CoBank, ACB to PTW Acquisition Corp., in accordance with the description of the loan provided in the application filed by PTW.

2. That pursuant to 35-A M.R.S.A. § 1101, Pine Tree Telephone & Telegraph Co. is authorized to provide a pledge of all of its tangible and intangible assets as collateral for its guarantee of the loan from CoBank to PTW.

Dated at Augusta, Maine, this 11<sup>th</sup> day of January 11, 2000.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:

Welch  
Nugent  
Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.